



CITY OF ARCHDALE

CITY COUNCIL

MEETING DATE: April 26, 2022

SUBJECT: Revision to ARP/CSLFRF Premium Pay Program, Budget Amendment 2022-6 and Grant Project Ordinance for the City of Archdale State and Local Fiscal Recovery Funds.

RECOMMENDATIONS OR COMMENTS: The Archdale City Council adopted an American Rescue Plan Premium Pay Program Policy at its Council meeting on November 24, 2021, as an allowed use of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan Act (ARPA). On January 6, 2022, the U.S. Department of the Treasury issued the Final Rule, which governs the eligible uses of SLFRF under ARPA. Guidance has been updated on the allowable expenditures and required documentation for general government services using the standard allowance for revenue replacement. In response to the Final Rule, finance staff has determined that law enforcement services should be reported as expenditures for ARPA, rather than the City funded portion of premium pay.

SUMMARY OF ATTACHED INFORMATION: American Rescue Plan Premium Pay Program Policy, Grant Project Ordinance for the City of Archdale State and Local Fiscal Recovery Funds, and Proposed Budget Amendment 2022-6

ATTACHMENTS: ☒ YES ☐ NO



American Rescue Plan PREMIUM PAY PROGRAM POLICY

Section 1 Purpose

The American Rescue Plan of 2021 contains provisions under the Coronavirus State and Local Fiscal Recovery Funds (ARP/CLFRF). It allows local governments the opportunity to provide premium pay to eligible workers who perform essential work during the pandemic. This policy presents and explains the how, where, and why of American Rescue Plan (ARP) premium pay funding from the United States government, with custodial responsibility to the Department of US Treasury. More specifically, it will explain which employees within the City of Archdale organization are eligible for premium pay. Eligibility is determined by several factors, with preference given to essentialness.

Early in the COVID-19 pandemic, the City classified all regular workers as essential. This statement was reinforced by Federal and State legislation listing governmental services as essential. If workers of the local government unit are not working around the clock and at full capacity, services will be strained and safety of our citizens, fellow colleagues and community can be compromised. This policy fulfills some of the funding objectives laid out by the US Treasury by strengthening support for the vital public services found within the Archdale community and promotes job retention. It also supports economic stabilization for households by prioritizing funding to low- and moderate-income persons.

Section 2 ARP Funding Eligibility Parameters

Premium pay is intended to compensate essential employees for heightened risk due to COVID-19. It is in addition to a worker's regular wages and is not used to reduce or substitute normal earnings. To qualify for premium pay, an employee should 1) perform essential work, 2) have or have had in-person interactions with the public or co-workers while performing work, or 3) have or have had physical handling of items handled by the public or co-workers while performing duties. The premium pay program targets low to moderate income employees. Written verification is required for those employees performing essential work if their total wages exceed 150 percent of the State of North Carolina's average annual wage amount of \$51,010. This would also be the case if by awarding the premium pay would cause them to exceed the 150 percent of the average annual State wage. Employees determined to exceed the 150 percent average wage or not qualify within the three qualifications listed above, will receive compensation through ARP loss revenue funding.

Qualifying employee groups will receive a lump sum premium payment for a set period of the pandemic, from March 14, 2020 – October 22, 2021. Percentage amounts for less than full-time employees and newer employees may be set by reviewing parameters such as hire dates and position status. The following groups will receive ARP premium pay:

- Full-time personnel of the Utilities and Grounds Departments, with 18 Employees served.
- Full-time personnel of the Police Department, with 32 Employees served.
- Full-time personnel of the Parks and Recreation Department, plus the part-time Park Maintenance position, with 7 Employees served.

Section 3 City Self-Funded Premium Pay

Premium pay is intended to compensate essential employees for heightened risk due to COVID-19. Other groups of employees performed essential work by processing daily documentation necessary to support the infrastructure of the City. These employees kept computer systems running smoothly, processed daily receipts, processed payroll and COVID-19 leave documentation. They performed essential work daily, requiring the regular physical handling of documentation handled by the public or co-workers. The City is responding in part by creating this second category of essential workers.

This employee group will receive a lump sum premium payment for a set period of the pandemic, from March 14, 2020 – October 22, 2021. Percentage amounts for less than full-time employees and newer employees may be set by reviewing parameters such as hire dates and position status. This group consists of personnel classified as support or administrative, including all regular positions and a regular part-time position, with 16 Employees served.

Section 4 Payment Calculations

Eligible employees of the City of Archdale will receive a lump sum premium payment with grant money from ARP. However, some workers not having constant handling of items, or in-person interactions will be compensated with City budget appropriations and local revenues.. The pay is not a substitute for regular wages but is in addition to base pay, and targets low to moderate income employees. Employees hired March 13, 2021 through July 16, 2021 will receive a prorated amount of 30% of the lump sum payment. Employees hired July 17, 2021 through October 21, 2021 will receive a prorated amount of 10% of the lump sum payment. Less than full-time regular employees will receive a prorated amount based upon their normal working hours.

Section 5 Payment Distributions

The City Finance Department will run a separate payroll specifically for these lump sum premium pay payments. This payment will be distributed through direct deposit, with advanced notice to recipients. All required tax withholdings and retirement/supplemental retirement deductions will be made.

Section 6 Document Reporting and Retention

Participating local governments are required to submit periodic Project and Expenditure reports. Typically, these will be prepared and submitted annually. According to guidance from the US Treasury, each project will have its own expenditure code. ARP Premium Pay will be reported under expenditure category (EC 4.1). The City must track obligations and expenditures as well as program data at both the program and expenditure category level. In the annual report, the City will address the following:

- 1) Number of employees served
- 2) Groups of employees by department or pay class for whom premium pay increased their total pay above 150 percent of the North Carolina average annual wage. For these workers, a written narrative showing justification for the use of ARP funds is required. This can be shown by listing essential duties, risks faced during COVID-19 and a determination as to why premium pay was used. The City has the option to forgo the added justification by refraining from using ARP funds for employees in this category.

All proper and required documentation will be retained. Records of payments and any supporting documents will be kept for future use and/or inspection. The City will maintain these documents until December 31, 2031.

Section 7 Assigned Roles and Internal Controls

Internal controls are designed to ensure program compliance. The City will follow all standard internal controls as routinely followed. Multiple positions within the Finance Department will be assigned planning, processing and distribution roles, ensuring that no one position, or person carries out all facets of the operation.

Section 8 Future Use of Policy

This policy may be used in the future for the receipt and distribution of additional resources through the American Rescue Plan Act. Additionally, if similar federal or state grants are available, this policy may be used to aid in guidance of those funds.

CHANGE SUMMARY

11/23/21 – Original Adoption

4/26/2022 – Update for Lost Revenue Eligibility Confirmation



**Grant Project Ordinance for the City of Archdale
State and Local Fiscal Recovery Funds**

BE IT ORDAINED by the City Council of the City of Archdale, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina the following grant project ordinance is hereby adopted:

Section 1: This ordinance is to establish a budget for a project to be funded by the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (CSLRF). The City of Archdale has received the first tranche in the amount of \$1,834,581.84, with the remainder to be distributed to the City within twelve months. These funds may be used for the following categories of expenditures, to the extent authorized by state law.

1. Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services lost extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Section 2: The City has elected to take the standard allowance, as authorized by 31 CFR Part 35.6(d)(1), and expend all its ARP/CSLRF funds on the provision of government services and premium pay.

Section 3: The following revenues are anticipated to be available to complete the project:

CSLRF Funds	\$3,669,164
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Section 4: The following amounts are appropriated for the project and authorized for expenditure:

Internal Project Code	Project Description: Transfers out for:	Expenditure Category	Cost Object	Appropriation of ARP/CSLRF Funds
001	Premium Pay Program	4.1	Salaries	\$ 133,250
001	Premium Pay Program	4.1	Benefits	\$ 31,410
002	Law Enforcement Services 3/13/2021 – 11/5/2021	6.1	Salaries	\$ 56,500
002	Laws Enforcement Services 3/13/2021 – 11/5/2021	6.1	Benefits	\$ 13,598
	Unassigned			\$3,434,406
	Total			\$3,669,164

Section 5: The Finance Officer is hereby directed to maintain sufficient specific detailed accounting records to satisfy the requirements of the grantor agency and the grant agreements.

Section 6: The Finance Officer is hereby directed to include the financial status of the project on the monthly financial summary report to the City Council.

Section 7: Copies of this grant project ordinance supersedes previously adopted ordinances and shall be furnished to the Budget Officer, the Finance Officer, and the City Clerk.

Section 8: This grant project ordinance is effective as of March 3, 2021 and expires on December 31, 2026, or when all the ARP/CSLRF funds have been obligated and expended by the City, whichever occurs sooner.

Adopted this 26th day of April 2022.

Lewis Dorsett, Mayor

ATTEST:

Susan. T. Swaim, City Clerk



**BUDGET AMENDMENT 2022-6
FISCAL YEAR ENDED JUNE 30, 2022**

Whereas, the Archdale City Council amended the American Rescue Plan Project Ordinance to provide pay for law enforcement services, rather than premium pay, from the standard allowance for general government services; and,

Now therefore be it ordained by the Mayor and the City Council of the City of Archdale that the following amendment is made to the Budget Ordinance for the fiscal year ending June 30, 2022.

Section 1. The General Fund revenues are to be changed as follows:

	Budget Adopted Or Previously Amended	Increase/ (Decrease) per this Amendment	New Budget as Amended
<u>REVENUE</u>			
10-397 Transfer from ARP Grant Fund	\$ 175,303	\$ 27,701	\$ 203,004
10-390 Fund Balance Appropriated	\$ (159,294)	\$ (27,701)	\$ (186,995)
10-390 Restricted Fund Balance	\$ 519,380	\$ -	\$ 519,380
10-390 Assigned for Capital	\$ 1,407,144	\$ -	\$ 1,407,144

Section 2. The Water Sewer Fund revenues are to be changed as follows:

	Budget Adopted Or Previously Amended	Increase/ (Decrease) per this Amendment	New Budget as Amended
<u>REVENUE</u>			
30-397 Transfer from ARP Grant Fund	\$ 28,651	\$ (2,977)	\$ 25,674
30-390 Net Position Appropriated	\$ 100,463	\$ 2,977	\$ 103,440

Section 3. The Stormwater Fund revenues are to be changed as follows:

	Budget Adopted Or Previously Amended	Increase/ (Decrease) per this Amendment	New Budget as Amended
<u>REVENUE</u>			
50-397 Transfer from ARP Grant Fund	\$ 9,182	\$ (3,102)	\$ 6,080
30-390 Net Position Appropriated	\$ 33,834	\$ 3,102	\$ 36,936

Section 4. This budget amendment does not change fund appropriations.

Section 5. Copies of this budget amendment shall be furnished to the City Clerk and the Finance Director for their direction.

Adopted this 26th day of April 2022.

ATTEST

Lewis Dorsett, Mayor

Susan T. Swaim, City Clerk